

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

**Amendment No. 2 to SB1133**

**Tracy  
Signature of Sponsor**

**AMEND Senate Bill No. 1133**

**House Bill No. 905\***

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 6, is amended by adding the following language as a new, appropriately designated part:

**§ 49-6-8301.**

(a) There is created a special account in the state treasury to be known as the "K-12 lottery capital outlay special account," hereinafter referred to as the "lottery capital outlay account".

(b) From funds within the lottery for education account, including the balances of the general shortfall reserve subaccount and the special reserve subaccount created pursuant to § 4-51-111(b)(4), one hundred million dollars (\$100,000,000) shall be deemed to be excess lottery funds and shall be transferred to the lottery capital outlay account. The transfer of excess lottery funds pursuant to this subsection shall constitute a one-time transfer of funds; and the provisions of this subsection shall not be construed to constitute legal authority for any subsequent transfer of excess lottery funds to the lottery capital outlay account.

(c) Moneys in the lottery capital outlay account shall be used exclusively for capital outlay projects for K-12 educational facilities consistent with Article XI, §5 of the Constitution of Tennessee and in accordance with the provisions of § 49-6-8302. Such moneys shall supplement, not supplant, non-lottery educational resources for capital outlay projects for K-12 educational facilities.

(d) Any balance remaining unexpended at the end of the fiscal year in the lottery capital outlay account shall not revert to the lottery for education

account or the general fund but shall be carried forward into the subsequent fiscal year.

(e) Notwithstanding any provision of § 4-51-111 or any other law to the contrary, interest accruing on investments and deposits of the lottery capital outlay account shall be credited to such account, shall not revert to the lottery for education account or the general fund, and shall be carried forward into the subsequent fiscal year.

(f) Moneys in the lottery capital outlay account shall be invested by the state treasurer in accordance with the provisions of § 9-4-603.

**§ 49-6-8302.**

(a) The comptroller of the treasury shall develop and administer a grant program for capital outlay projects for K-12 educational facilities using funds available in the K-12 lottery capital outlay special account created pursuant to § 49-6-8301.

(b) The comptroller shall:

(1) Establish a uniform application form and application process for grants awarded pursuant to this section; and

(2) Require that grant funds be matched with one dollar (\$1.00) of local funds for each one dollar (\$1.00) received from the lottery capital outlay account.

(c)

(1) Grants shall be awarded or credited to each public school district in Tennessee.

(2) Except as provided in subdivision (3), each district shall be awarded an amount equal to the sum of the transfer made pursuant to § 49-6-8301(b), and accrued interest pursuant to § 49-6-8301(e), if any,

less a reasonable amount pursuant to § 49-6-8302(e), times the ratio of the district's average daily membership to the state total average daily membership. For the purposes of this subdivision, "average daily membership" shall have the same meaning as provided in § 49-3-302.

(3) Individual district grants not awarded pursuant to subdivision (2) in any year shall be credited and accumulated for the benefit of the individual district and shall be included in such district's grant availability in each subsequent year until awarded. Any unawarded amounts, plus any accrued interest, shall carry forward in the name of the individual district until awarded.

(d) The comptroller is authorized to audit any district awarded a grant pursuant to this section for compliance with the provisions of this part.

(e) Costs incurred by the comptroller in administering the grant program created under this section, which provides funding for capital outlay projects for K-12 educational facilities, shall be funded from the K-12 lottery capital outlay special account as part of such program.

**§ 49-6-8303.**

(a) The comptroller of the treasury is authorized to promulgate rules and regulations as the comptroller of the treasury may deem necessary to effectuate the purposes of this part. All such rules and regulations shall be promulgated in accordance with the provisions of the uniform administrative procedures act, compiled in title 4, chapter 5.

(b) Notwithstanding the provisions of §§ 4-5-208 and 4-5-209 or any other provision of law to the contrary, the comptroller of the treasury is authorized to promulgate public necessity rules and emergency rules to implement the provisions of this part.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring  
it.